

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

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E.O11652: ADS, DECLAS FEB. 4, 1975

TAGS: ETRD, JA

SUBJECT:COUNTERVAILING DUTIES--CERTAIN CONSUMER ELECTRONIC
PRODUCTS

REF: STATE 243361

1. THE TREASURY DEPARTMENT WILL PUBLISH IN THE FEDERAL
REGISTER OF FEBRUARY 5 THE FOLLOWING PRELIMINARY DETERMINA-
TION IN ITS COUNTERVAILING DUTY INVESTIGATION
OF CERTAIN CONSUMER ELECTRONIC PRODUCTS IMPORTED FROM JAPAN.
TREASURY FOUND THAT BENEFITS HAVE BEEN RECEIVED BY JAPANESE
EXPORTERS UNDER THREE PROGRAMS, THAT THESE BENEFITS CONSTI-
TUTE BOUNTIES OR GRANTS WITHIN MEANING OF COUNTERVAILING
DUTY LAW, BUT THAT BENEFITS UNDER TWO PROGRAMS ARE DE
MINIMUS. BENEFITS UNDER A THIRD PROGRAM MAY BE DE MINIMUS,
BUT TREASURY WILL REQUIRE REPORTS FROM INDIVIDUAL JAPANESE
FIRMS TO CONFIRM THAT BENEFITS ARE DE MINIMUS BEFORE A FINAL
DETERMINATION CAN BE MADE NOT TO IMPOSE DUTIES. A PRESS
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RELEASE WILL BE ISSUED FEBRUARY 4, AND JAPANESE EMBASSY WILL

BE INFORMED FEBRUARY 3.

2. BEGIN TEXT: ON THE BASIS OF AN INVESTIGATION CONDUCTED
PERSUANT TO CUSTOMS REGULATIONS IT HAS DETERMINED THAT BENE-
FITS HAVE BEEN RECEIVED UNDER THREE PROGRAMS WHICH CONSTI-

TUTE BOUNTIES OR GRANTS WITHIN THE MEANING OF SECTION 303
OF THE ACT. THESE PROGRAMS INCLUDE PREFERENTIAL INTEREST
RATE LOANS FROM THE JAPANESE DEVELOPMENT BANK, PROMO-
TIONAL ASSISTANCE FROM THE JAPAN EXTERNAL TRADE ORGANIZA-
TION (JETRO), AND TAX DEFERRALS UNDER THE OVERSEAS MARKET
DEVELOPMENT RESERVE.

3. IN THE FIRST TWO PROGRAMS, THE BENEFITS BESTOWED ON
EXPORTERS INVOLVE AN AMOUNT CONSIDERED TO BE DE MINIMUS.
IN THE CASE OF THE OVERSEAS MARKET DEVELOPMENT PROGRAM,
THE AGGREGATE DATA AVAILABLE INDICATES THAT THE PRO-RATED
BENEFITS TO EXPORTERS OF THE CONSUMER ELECTRONIC PRODUCTS
IN QUESTION ARE ALSO DE MINIMUS, AND THAT, WHEN CONSIDERED

IN THIS LIGHT IN THE AGGREGATE, ALL THREE PROGRAMS COM-
BINED ARE ALSO CONSIDERED DE MINIMUS. SINCE THE OVERSEAS
MARKET DEVELOPMENT PROGRAM IS AVAILABLE ONLY TO FIRMS
WHICH ARE CAPITALIZED AT LESS THAN ONE BILLION YEN, HOW-
EVER, SIGNIFICANT BENEFITS COULD CONCEIVABLY BE CONCENTRA-
TED IN A FEW SMALLER FIRMS EXPORTING THESE PRODUCTS TO THE
U.S. IN ORDER TO ENSURE THAT SIGNIFICANT BOUNTIES OR
GRANTS ARE NOT BEING PAID OR BESTOWED UNDER THIS PROGRAM,
THE COMMISSIONER OF CUSTOMS WILL REQUIRE REPORTS FROM
JAPANESE FIRMS ELIGIBLE FOR TAX DEFERRALS UNDER THE OVER-
SEAS MARKET DEVELOPMENT PROGRAM, AND EXPORTING THE CON-
SUMER ELECTRONIC PRODUCTS IN QUESTION TO THE U.S. TO
ASCERTAIN WHETHER AND TO WHAT EXTENT THEY BENEFIT FROM THE
PROGRAM.

4. IF IT IS DETERMINED THAT NO JAPANESE FIRM BENEFITS
FROM THE OVERSEAS MARKET DEVELOPMENT PROGRAM AN AMOUNT
MORE THAN DE MINIMUS IN RELATION TO THE QUANTITY OF
EXPORTS INVOLVED, A FINAL NEGATIVE DETERMINATION WILL BE
ISSUED. IF IT IS DETERMINED THAT ANY JAPANESE FIRMS DO
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BENEFIT FROM THIS PROGRAM BY AN AMOUNT THAT IS MORE THAN
DE MINIMUS IN RELATION TO THE QUANTITY OF EXPORTS INVOLVED,
AN AFFIRMATIVE DETERMINATION WILL BE ISSUED AS TO SUCH
FIRMS, AND, ADDITIONALLY, SUSPENSION OF LIQUIDATION WILL
BE ORDERED AS TO ENTRIES OF THE SUBJECT MERCHANDISE
MANUFACTURED OR EXPORTED BY ANY FIRM WHICH IS ELIGIBLE FOR
BENEFITS UNDER THE PROGRAM BUT HAS NOT SUBMITTED THE
REQUIRED REPORT. SUCH SUSPENSION OF LIQUIDATION WOULD

REMAIN IN EFFECT UNTIL THE REPORT WAS RECEIVED AND A DE-
TERMINATION MADE AS TO WHETHER A BOUNTY OR GRANT WERE
BEING PAID OR BESTOWED. END TEXT. KISSINGER

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Margaret P. Grafeld
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